

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03 NSAE-00

NSC-05 PA-01 PRS-01 SP-02 SS-15 COME-00 EB-07 LAB-04

SIL-01 SSO-00 USIE-00 INRE-00 NSCE-00 AID-05 CU-02

EUR-12 ACDA-07 MMO-01 TRSE-00 SCS-03 FBO-02 SCCT-01

DHA-02 CCO-00 OC-06 OPR-02 USSS-00 SCA-01 A-01 OMB-01

SY-05 /114 W

----- 031317

O R 062300Z JUL 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 832

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

USCINCSO

DIA WASHDC

C O N F I D E N T I A L LIMA 6137

EO 11652: GDS

TAGGS: PINS, PINT, ELAB, PE

SUBJECT: UNEASY CALM IN LIMA

REF: LIMA 6087

SUMMARY: GOP DECLARATIONS THAT LIMA IS RETURNING TO NROMAL ARE
BELIED BY CONIINUATION OF BUS STRIKE, OF PANIC FOOD BUYING, AND
OF PRESENCE OF MILITARY UNITS IN STREETS. THE STATE OF EMERGENCY,
SUSPENSION OF PERSONAL GUARANTEES, AND CURFEW ARE LIKELY TO
CONTINUE FOR A CONSIDERABLE PERIOD. THE GOP IS CONCERNED WITH A
POSSIBLE FURTHER OUTBREAK OF VIOLENC D AND HAS CARRIED OUT SOME
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PREVENTIVE ARRESTS. GOP LEADERS WERE PURPORTEDLY SPLIT OVER THE

CONTROVERSIAL DECISION TO CLOSE POLITICAL JOURNALS AND POSSIBLY ON OTHER MATTERS. INTERIOR MINISTER CISNEROS, AND POSSIBLY PRESIDENT MORALES BERMUDEZ HIMSELF, MAY HAVE BEEN ON LOSING SIDE OF THE PRESS ISSUE. GOP POLITICAL AND ECONOMIC PROBLEMS COULD LEAD TO EARLY CABINET CHANGES OR EVEN FULL-BLOWN POLITICAL CIRISIS. END SUMMARY.

1. THE GOP, WHICH FULLY CONTROLS MEDIA INFORMATION FLOW IN ACCORDANCE WITH STATE OF EMERGENCY PROVISIONS, REPORTS THAT ALL IS CALM IN LIMA AND THROUGHOUT PERU. PRESS REPORTED JULY 6 THAT TRANSPORT DIFFICULTIES ARE DIMINISHING AND THAT MICROBUS DIRVERS ARE RETURNING TO WORK. ONE GOP COMMUNIQUE REPORTED 80 PERCENT OF BUSES ARE BACK IN OPERATION WITH THE GAP BEING COVERED BY BUSES LOANED FROM THE ARMY AND NAVY. THE APRISTA CTP BUS UNION DID END ITS TRRIKE JULY 5 AND THE CTP HAS ASKED FOR AUDIENCE WITH PRESIDENT MORALES BERMUDEZ, PERHAPS TO DISCUSS THE "PRICE" FOR COOPERATION, BUT THE MAJOR TRANSPORT UNION REMAINS ADAMANT IN ITS DEMANDS FOR A ROLL-BACK IN GASOLINE PRICES. THE GOP HAS DECLARED THAT THOSE WHO CONTINUE ON STRIKE AS OF JULY 5 WILL HAVE OPERATING LICENSES REVOKED. THIS THREAT HAS NOT SUCCEEDED IN ENDING THE STRIKE.

2. THE GOVERNMENT CLAIMS THAT LIMA IS BEING FULLY SUPPLIED WITH NECESSARY FOODSTUFFS AND THAT THE SITUATION IS NORMAL. LIMA POPULACE, HOWEVER, CONTINUES ITS PANIC BUYING JULY 6 AND THERE ARE AGAIN EXTREMELY LONG LINES IN FRONT OF GOVERNMENT-OWNED SUPERMARKETS. FOOD PRICES ARE UP -- BREAD IN SOME CASES HAS MORE THAN DOUBLED IN PRICE, AS HAVE VEGETABLES AND OTHER GOODS.

3. AS IF TO DENY ITS OWN DELCARATIONS OF NORMALCY, THE MINISTRY OF FOOD ISSUED A COMMUNIQUE JULY 6 DECLARING THAT, BECAUSE OF THE STATE OF EMERGENCY, THOSE WHO ENGAGE IN SEPCILATION, ADULTERATION OR HOARDING OF FOODSTUFFS WILL BE SUBJECT TO DOUBLE THE NORMAL FINES AND THAT 50 PERCENT OF SAID FINE WILL BE AWARDED TO THE PERSON DENOUNCING INFRACTIONS. ALSO THE PRESENCE OF APCS AND MILITARY UNITS IN LIMA STREETS BELIES CLAIM THAT ALL IS NORMAL. THE GOP HAS SO FAR MADE LITTLE ALLUSION TO DIFFICULTIES IN HEAVY TRANSPORT. REFERENCES TO THIS PROBLEM MUST BE GLEANED FROM ARTICLES APPEARING IN GOVERNMENT-CONTROLLED PRESS. FOR EXAMPLE, ONE PRESS REPORT NOTED THAT 50 TRUCKS FILLED WITH FOODSTUFFS FOR LIMA DEPARTED

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FROM AYACUCHO AND THAT OVER-THE-ROAD TARIFFS HAVE BEEN INCREASED THERE. ALSO, THE PRESS REPORTS THAT PEASANT COOPERATIVES HAVE PATRIOTICALLY AGREED TO USE THEIR OWN TRUCKS TO CARRY FOOD FROM THE COOPERATIVES DIRECTLY TO LIMA MARKETS. EMBASSY SOURCES INDICATE THAT TRUCK OWNERS MAY HAVE RECEIVED SOME TARIFF INCREASE, AND TRANSPORTATION IN THIS AREA COULD BE NORMALIZING.

4. ON JULY 5 THE GOP PUBLISHED ITS JULY 2 DECREE LAW CLOSING

DOWN 12 PERIODICALS FOR "ABUSE OF THE FREEDOM OF THE PRESS BY ENGAGING IN CAMPAIGN AIMED TO FRUSTRATE ECONOMIC UPTURN, TO DESTROY ARMED FORCES' UNITY AND TO SUBVERT PUBLIC ORDER AND TRANQUILITY".

JOURNALS INCLUDED ALL MAJOR PUBLICATIONS ON BOTH RIGHT AND LEFT OR POLITICAL SPECTRUM.

5. EMBASSY HAS HEARD FROM WELL-INFORMED SOURCES THAT PRESS CLOSURE PRODUCED HEATED DISCUSSION IN CABINET. INTERIOR MINISTER CISNEROS IS SAID TO HAVE STRONGLY OPPOSED MEASURE (AND LA PRENSA, DIRECTED BY HIS BROTHER, WROTE STRONG EDITORIAL DEPLORING IT), BUT HE AND POSSIBLY MORALES BERMUDEZ HIMSELF WERE OVERRULED. CISNEROS WAS ALLEGEDLY TOLD TO ISSUE AN INTERIOR MINISTRY COMMUNIQUE CLOSING PERIODICALS, BUT HE REFUSED TO DO SO UNTIL THE ENTIRE CABINET WENT ON RECORD WITH A DECREE LAW ORDERING THE INTERIOR MINISTRY TO IMPLEMENT THE DECREE. A SOURCE CLOSE TO MORALES BERMUDEZ TOLD EMBOFF THAT HT HAD TALKED WITH THE PRESIDENT JULY 3 AND MORALES BERMUDEZ CLAIMED HE OPPOSED THE PRESS ACTION BUT WAS "OVERRULED". SOURCE STATED THAT MORALES BERMUDEZ HOPES TO RESCIND DECREE ASAP.

6. IN A RELATED MATTER, PRESS SUPPLEMENTS ON U.S. BICENTENNIAL DID APPEAR AS SCHEDULED JULY 4, AND THERE WAS FULL MEDIA COVERAGE ON BICENTENNIAL EVENTS. EMBASSY HAS LEARNED THAT THE GOP INFORMATION OFFICE (OCI) ORDER TO STOP PUBLICATION OF SUPPLE-.
.3,5 2-)-534 :97,534.-,\$3\$?6 - "HIGHER AUTHORITY" WHOM WE BELIEVE TO BE INTERIOR MINISTER CISNEROS.

7. THE POLITICAL CLIMATE FOLLOWING ECONOMIC MEASURES OF JULY 1 AND SUBSEQUENT DISTURBANCES COULD BECOME CLUED WITH ANTI-U.S. SENTIMENTS. THE GOP-ORGANIZED FRONT FOR THE DEFENSE OF THE REVOLUTION (FDRP) NOW CLAIMS THAT THE "CIA THINKS THAT THE MOMENT TO LIQUIDATE THE REVOLUTIONARY PROCESS IS AT HAND." A FDRP COMMUNIQUE CLAIMS THAT THE BUS STRIKE AND DISTURBANCES RESEMBLY CONFIDENTIAL

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THOSE IN "A NEIGHBORING COUNTRY WHERE TRANSPORT UNIONS WERE FINANCED AND USED TO DESTROY A REVOLUTIONARY GOVERNMENT". THE FDRP CLAIMS THAT THE MICROBUS UNION IS INFILTRATED BY THE APRA, "THE SERVANT OF THE OLIGARCHY AND IMPERIALISM". A THEME CARRIED IN ONE LEFTIST PUBLICATION IN ITS LAST ISSUE BEFORE CLOSURE WAS "THE YANKEES WANT CHEAP CHOLOS (PERUVIANS)" AND THE U.S. FORCED RECENT ECONOMIC MEASURES ON PERU.

8. THE GOP CONTINUES TO ARREST THOSE ENGAGED IN OR SUSPECTED OF "COUNTER REVOLUTIONARY ACTIVITIES". AN ARMY COLONEL ON THE STAFF OF PRIME MINISTER FERNANDEZ MALDONADO TOLD EMBOFF JULY 5 THAT, IN ADDITION TO THE ARREST OF FORMER GUERRILLA LEADER HUGO BLANCO WHO REPORTEDLY WAS STIRRING UP PEASANTS IN THE CUZCO AREA, THE GOP HAS ALSO PICKED UP TEACHERS UNION (SUTEP) LEADERS AND OTHERS SUSPECTED OF LEADING JULY 1 DISTURBANCES IN LIMA. THE COLONEL

NOTED THAT SOME DEPORTATIONS WERE LIKELY. HE ALSO CLAIMED THAT GOP WAS "PUTTING THE SCREWS" TO TRANSPORT WORKERS THROUGH THREATS AND PROPAGANDA BUT SO FAR TO NO AVAIL; ARRESTS MIGHT FOLLOW. ACCORDING TO ANOTHER SOURCE, THE COUNCIL OF MINISTERS DISCUSSED POSSIBLE DEPAORTATION OF EX-PRESIDENT BELAUNDE FOLLOWING A SUPER-MARKET INCIDENT WHERE BELAUNDE WAS HAILED WITH SOUITS OF "BELAUNDE-LIBERTY".

9. THE ARMY COLONEL WHOSE STATEMENTS ARE NOTED ABOVE FURTHER AFFIRMED THAT THE GOP IS GREATLY CONCERNED ABOUT POSSIBLE RESUMPTION OF VIOLENCE WHEN SCHOOLS RE-OPEN JULY 7 (GOP CLOSES CHOOOLS FROM JULY 2 THROUGH 6, AND HAS JUST EXTENDED CLOSURE THROUGH JULY 9.) THE EMBASSY ALSO HAS JUST BEEN INFORMED THAT THE TEACHERS UNION-- ANOTHER VERSION SAYS THE CGTP-- IS NOW ATTEMPTING TO HOLD PUBLIC RALLY IN DOWNTOWN PLAZA SAN MARTIN. THE COLONEL ALSO STATES THAT IMMEDIATE PROBLEMS ARE BEING HANDLED BY INDIVIDUAL MINISTERS WITH MORALES BERMUDEZ REMAINING BEHIND THE SCENES. HOWEVER, HE SAID THAT FERNANDEZ MALDONADO'S OFFICE WAS AIDING IN THE PREPARATION OF A PROJECTED NATIONWIDE TV AND RADIO PRESIDENTIAL ADDRESS JULY 8 OR 9 "AFTER THE SITUATION CLARIFIES".

10. THE POLITICAL SITUATION IS CERTAINLY UNCLEAR. WE ARE CONVINCED THAT THERE HAVE BEEN SERIOUS DIFFERENCES WITHIN THE CABINET OVER RECENT ECONOMIC MEASURES, SUBSEQUENT GOP REACTION TO DISTURBANCES (INCLUDING CLOSURE OF POLITICAL JOURNALS AND NEGOTIATING TACTICS
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WITH TRANSPORT UNION), AND POSSIBLE OVER RUMORED PURCHASE OF SOVIET AIRCRAFT. A POLITICAL SOURCE TOLD EMBOFF THAT THE NAVY IS EXTREMELY UNHAPPY OVER WHAT ONE ADMIRAL CLAIMED WAS A \$250 MILLION AIRCRAFT PURCHASE WHICH THE ADMRIAL SAID WAS CONCLUDED WITH THE SOVIETS JULY 2. THESE DIFFERENCES, PERHAPS EXACERBATED BY THE "COLLEGIAL" NATURE OF THE GOP WHERE PRESIDENT MORALES BERMUDEZ HAS PURPORTEDLY BEEN OVERRULED IN AT LEAST ONE IMPORTANT DECISION, COULD CULMINATE IN A CABINET SHAKE-UP OR EVEN A FULL-BLOWN POLITICAL CRISIS.
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